Scotiabank

GLOBAL ECONOMICS

LATAM DAILY

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Chile's Unemployment Rate Nears 10%

CHILE: UNEMPLOYMENT RATE RISES TO 9.8%, IN LINE WITH OUR FORECAST

- **Labour market deterioration deepens. Manufacturing employment falls to levels not seen since the pandemic**

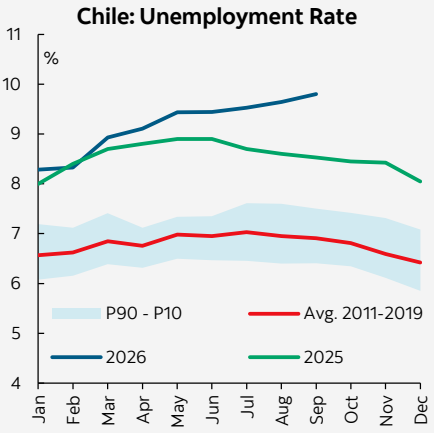
The unemployment rate reached 9.8% in the quarter ending in September (chart 1), increasing by 0.2ppts from the previous rolling quarter. The result exceeded the market consensus expectation of an unchanged rate (9.6%) and came closer to our forecast of a counter-seasonal increase. In quarterly terms, the departure of a month that had likely generated employment (June) was not fully offset by the incoming month (September), highlighting a labour market that remains structurally fragile. At the margin, conditions also appear to have been affected by the weather-related shocks that have weighed on economic activity since July. At Scotiabank, we remain cautious regarding upcoming labour market releases, as the effects of several climate-related disruptions continued to affect normal labour market functioning during October.

The unemployment rate adjusted for calendar effects increased to 9.6% (+0.2ppts relative to the previous rolling quarter), signalling that labour market slack continues to widen. The seasonally adjusted unemployment rate has moved further away from the range estimated by the Central Bank for the NAIRU (Sep-26 MPR), underscoring the structural weakness that has been evident since late 2025 and has intensified since Q2-26. Given seasonal patterns over the coming months and the persistent weakness at the margin, the risk of a further increase in the seasonally adjusted unemployment rate remains elevated.

Year-on-year job destruction has broadened to informal sectors and firms (chart 2). In September, the labour market lost 103k jobs relative to a year earlier. The main development was a decline in informal employment, which had previously remained resilient despite the persistent destruction of formal jobs observed throughout most of this year. Consistent with this trend, the INE reported declines in both self-employment and salaried employment, with the latter being partially offset by sustained growth in contractor employment (+87k y/y). According to the ILO, these types of jobs may, in some circumstances, serve as an immediate alternative to unemployment, as they often involve occupations requiring limited training, resources, or equipment.

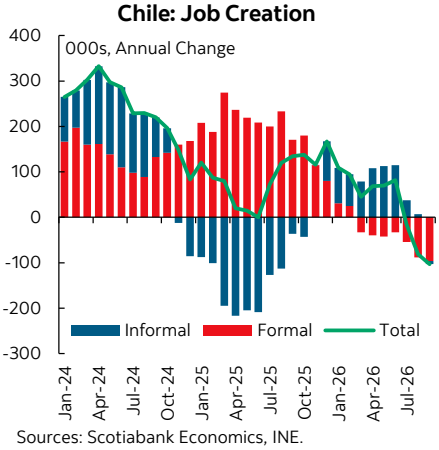
Employment losses in manufacturing continue, with sectoral employment falling to levels below those observed during the social unrest episode of late 2019, excluding the pandemic period of 2020–21. At the sectoral level, manufacturing, commerce, and financial activities accounted for the largest employment declines, particularly among salaried workers. These losses were partly offset by stronger public-sector hiring and gains in private salaried employment in mining and construction. The latter continues to show early signs of recovery, recording four consecutive rolling quarters of job creation at the upper end of its seasonal range.

Chart 1



Sources: Scotiabank Economics, INE.

Chart 2



Sources: Scotiabank Economics, INE.

—Aníbal Alarcón

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